

Service Date: February 25, 1986

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application )	
Of CONSUMERS GAS COMPANY For Au- )	UTILITY DIVISION
thority To Increase Rates And )	DOCKET NO. 85.5.21
Charges For Natural Gas Service. )	ORDER NO. 5167b
_____ )	

APPEARANCES

Richard F. Gallagher, Attorney At Law, %Church, Harris, Johnson and Williams, P O Box 1645, Great Falls, Montana, 59403, Appearing On Behalf Of The Applicant, Consumers Gas Company

John C. Allen, Attorney At Law, 34 West Sixth Avenue, Helena, Montana 59620, Appearing On Behalf Of The Montana Consumer Counsel

Timothy R. Baker, Attorney At Law, 2701 Prospect Avenue, Helena, Montana 59620, Appearing On Behalf Of The Commission

FINDINGS OF FACT

1. On May 31, 1985, Consumers Gas Company (Applicant or CGC) filed a general rate case. The application requested an increase of \$38,992. Included in the general case was a motion for interim relief in the amount of \$38,992, the same increase requested in the general filing. In addition to rate relief, the Applicant requested that the Commission waive or modify the current non-termination rules so that nonpaying customers can be terminated, and allow an interest charge of one (1) percent per month for all accounts not paid within thirty (30) days from the date of filing.

2. On September 12, 1985, the Commission issued a Notice of Public Hearing.

3. On October 2, 1985, pursuant to the Notice of Public Hearing, a hearing was held in the United Savings Bank, Hospitality Room, Shelby, Montana.

4. On November 29, 1985, the Commission issued Interim Order No. 5167 in this Docket.

5. The Interim Order referenced above granted CGC interim relief in the amount of \$35,630.

6. The only adjustment made by the Commission to the Applicant's motion for interim relief was an increase in revenues in the amount of \$3,362. The Commission reasoned that further consideration was required to determine the appropriate treatment for a source of income which was eliminated by the Applicant in its rate request.

7. On December 5, 1985, the Applicant filed a Motion For Reconsideration of Interim Order No. 5167. In its motion, the Applicant contends that the revenue adjustment made by the Commission in its interim order is contrary to uncontroverted evidence presented at the hearing.

8. On January 8, 1986, the Commission issued Order No. 5167a which denied the Applicant's Motion For Reconsideration.

9. During the hearing the Applicant presented un rebutted evidence that there is an extremely high amount of uncollectible accounts. Mr. Holt in his direct testimony on page 4 at line 20 indicates that this problem is the result of the Commission's lenient non-termination policies. While the Commission agrees that credit policies can influence uncollectible accounts, there are other elements that also affect uncollectibles. For example: the main factor in paying bills from the customer perspective is the ability to pay. Economic conditions both nationally and locally are important factors. Another crucial factor is the price of the product. The Commission is not persuaded that the increase in uncollectibles for CGC is due solely to the termination rules. Mr. Holt has requested that the Commission waive or modify the current non-termination rules.

Based upon the circumstances which are unique to CGC the Commission is willing to modify the termination rules. This modification is only for CGC and is not intended to set a precedent for other utilities. CGC is directed to file a proposal to modify the termination rules as soon as possible after the issuance of this order.

10. The Applicant has requested a late charge of one (1) percent per month on accounts thirty (30) days or more past due. There is no evidence in the record which indicates that the proposed late charge is improper. The Applicant's proposed late charge is approved by the Commission.

11. Revenues were increased by \$3,362 in Interim Order No. 5167 to reflect interest income earned by CGC in 1982, 1983 and 1984. The Applicant in its Motion For Reconsideration argued that this interest income will not be available to the Company in the future. After further review of this issue, the Commission agrees with the Company that the interest income adjustment should be eliminated in determining the revenue requirement.

12. During the duration of this Docket the Commission has received conflicting information with respect to whether or not the Sunburst School (the largest customer of CGC) is going to continue to be a customer of the Company. At the hearing Mr. Holt indicated that if the school leaves the system, the Company would cease to be a viable operation. The Commission directs the Company to file a report on the status of the Sunburst School load by May 31, 1986, or when a formal decision has been made by the school board as to its status, if later than May 31, 1986. The report should address the continued economic viability of the Company, given the status of the school.

13. The Commission is very concerned about the price of gas for the consumers served by CGC. The Applicant should strive to keep operating expenses at the lowest reasonable level. If the lost and unaccounted for gas percentage is not reduced, an

adjustment will be made in the next rate case filed by the Applicant.

CONCLUSIONS OF LAW

1. Consumers Gas Company is a public utility furnishing natural gas service to consumers in the State of Montana. As such, it is subject to the supervision, regulation and control of the Commission, Section 69-3-102, MCA.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDER THAT:

1. Consumers Gas Company is hereby granted authority to increase rates by \$38,992 on an annual basis. The revenues granted in this order replace and are not in addition to the revenues granted in Interim Order No. 5167.

2. Consumers Gas Company is to file revised rate schedules spreading the increased revenues to the existing customer classes on a uniform cents per Mcf basis. For the purposes of this revision the Applicant should use a total Mcf sales figure of 24,542 Mcf, as set forth in Exhibit No. 8 of Applicant's prefiled testimony.

3. The Applicant's request to impose a late charge at the rate of one (1) percent per month for accounts past due more than thirty (30) days is approved.

4. The Applicant may file for the Commission's consideration a proposal to modify the termination rules.

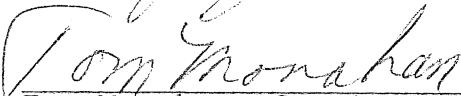
5. The Applicant shall file a report with the Commission on the status of the Sunburst School load by May 31, 1986, consistent with the terms of this Order.

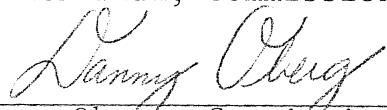
6. This Order shall be effective for services rendered on and after February 24, 1986.

DONE IN OPEN SESSION at Helena, Montana this 24th day of February, 1986 by a 3- 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

  
Clyde Jarvis, Chairman

  
Tom Monahan, Commissioner

  
Danny Oberg, Commissioner

ATTEST:

  
Trena Scoffield  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806 ARM.